

June 5, 2013

TO: Service List

FROM: Burl W. Haar
Executive Secretary

SUBJECT: In the Matter of the Investigation into Environmental and
Socioeconomic Costs Under Minn. Stat. §216B.2422, Subd. 3,
Docket Nos. E-999/CI-93-583 and E-999/CI-00-1636

NOTICE OF UPDATED ENVIRONMENTAL EXTERNALITY VALUES

In its May 3, 2001 Order Updating Externality Values and Authorizing Comment Periods On CO₂, PM_{2.5}, And Application of Externality Values To Power Purchases, Docket No. E-999/CI-00-1636, the Commission used the Gross Domestic Product (GDP) Price Deflator Index to update the externality values adopted in its July 3, 1997 Order in Docket No. E-999/CI-93-583, and indicated that the values will continue to be updated as data becomes available from that index.

The environmental externality values have been updated using the 2012 GDP Deflator index values (rebased for a year 2000 base year) published by the United States Department of Commerce on May 30, 2013. A copy of the updated environmental externality values have been attached to this notice and can also be found on the Commission's Website, www.puc.state.mn.us/PUC/electricity/ReportsandStudies/NoticesofInterest/index.html Questions regarding this matter may be directed to Marc Fournier at (651) 201-2214.

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**ENVIRONMENTAL EXTERNALITY VALUES
UPDATED THROUGH 2012¹**

URBAN

	Original (1995\$/ton)		Inflation Adjusted Values GDPIPD (2012\$/ton)	
	Range of Values		Range of Values	
	Low	High	Low	High
SO ₂	112	189	0	0
PM ₁₀	4462	6423	6291	9056
CO	1.06	2.27	1.49	3.20
NO _x	371	978	523	1379
Pb	3131	3875	4415	5464
CO ₂	0.3	3.1	0.42	4.37

METROPOLITAN FRINGE

	Original (1995\$/ton)		Inflation Adjusted Values GDPIPD (2012\$/ton)	
	Range of Values		Range of Values	
	Low	High	Low	High
SO ₂	46	110	0	0
PM ₁₀	1987	2886	2802	4069
CO	0.76	1.34	1.07	1.89
NO _x	140	266	197	375
Pb	1652	1995	2329	2813
CO ₂	0.3	3.1	0.42	4.37

Environmental Externality values have been updated using United States Department of Commerce, Bureau of Economic Analysis 2012 Price Indexes for Gross Domestic Product (Table 1.1.9) released May 30, 2013. The index has been rebased with 2000 as the base year.

RURAL

	Original (1995\$/ton)		Inflation Adjusted Values GDPIPD (2012\$/ton)	
	Range of Values		Range of Values	
	Low	High	Low	High
SO ₂	10.00	25.00	0.00	0.00
PM ₁₀	562.00	855.00	792	1206
CO	0.21	0.41	0.30	0.58
NO _x	18.00	102.00	25	144
Pb	402.00	448.00	567	632
CO ₂	0.30	3.10	0.42	4.37

WITHIN 200 MILES OF MINNESOTA

	Original (1995\$/ton)		Inflation Adjusted Values GDPIPD (2012\$/ton)	
	Range of Values		Range of Values	
	Low	High	Low	High
SO ₂	10.00	25.00	0.00	0.00
PM ₁₀	562.00	855.00	792	1206
CO	0.21	0.41	0.30	0.58
NO _x	18.00	102.00	25	144
Pb	402.00	448.00	567	632
CO ₂	0.00	0.00	0.00	0.00

NOTE REGARDING THE USE OF SO₂ VALUES: In the January 3, 1997 Order Establishing Environmental Cost Values the Commission found that SO₂ damages would be internalized after 2000 and applying externality costs would be unwarranted.

NOTE REGARDING THE USE OF CARBON DIOXIDE VALUES: In its November 2,

2012 Order Establishing 2012 and 2013 Estimate of Future Carbon Dioxide Regulation Costs, pursuant to Minn. Stat. §216H.06, in Docket No. E-999/CI-07-1199 the Commission established an estimate of the likely range of costs of future carbon dioxide regulation on electricity generation of \$9/ton to \$34/ton for CO2 emitted in 2012 and thereafter. This range of values will be updated annually. A utility need not apply the CO2 externality values in the above tables established pursuant to Minn. Stat. §216B.2422, subd. 3, in any year to which the utility applies the CO2 costs derived pursuant to Minn. Stat. §216H.06.